GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1330
ANSWERED ON:03.03.2000
NON -PERFORMING ASSETS
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Will the Minister of FINANCE be pleased to state:

(a) the total NPA figures in respect of public and private sector banks, as on date, bank-wise;

(b) the details of amount recovered during the current year and how does that compares with the last three years;

(c) whether the Government propose to enquire into the conduct of authorities responsible for the sanction of bank loans in violation of the RBI guidelines ana individual bank guidelines on the subject;

(d) if so, the details thereof, bank-wise for both public and private sectors: and

(e) the details of the reasons that in spite of taking so many measures, NPA figures are going up steadily rather than coming down?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH):

(a) The gross NPAs of Public Sector Banks and Private Sector Banks as on 31.03.99 (latestavailable) was Rs. 51,711 crore and Rs. 4725.28 crore respectively. The Bank-wise data given in enclosed Statement s and IE respectively.

(b) Reduction of NPAs of Public Sector Banks on account of cash recovery upgradation &compromise/ write off during the year ended 31st March,1999 (latest available) and for the preceding 3 years is given below:

(Rupees in crore)

Year	Reduction of NPAs
1998-99	8720
1997-98	10406
1996-97	9207
1995-96	7752

Reserve Bank of India (RBI) has reported that no such information is available in respect of Private Sector Banks.

(c) and (d) The violation of RBI guidelines by the authorities while sanctioning the loansis iooked into by the RBI through various regulatory mechanism. RBI has on severaloccasions drawn the attention of bank management to the importance of ensuring that various functionaries exercise the discretionary powers vested in (hem with due diligence. Banks have time and again been advised to issue strict instructions to the officials at various levei to desist from unhealthy practice to the grant of advances beyond sanctioned limits/discretionary powers vested in them. The reasons for an account turning into NPA are looked into at various stages and staff accountability is looked into by the bank management, at the time of review of account or at the time of slippage in asset classification. Staff accountability is also looked into and commented upon at the time of RBI Inspection wherever the loans have been sanctioned in violation of the RBIguidelines and individual guidelines of banks and corrective measures are taken by the bank as per the laid down policies.

(e) Gross and net Non-Performing Assets of Public Sector Banks are going up in absoluteterms, however, in percentage terms these have been coming down from 23.18% and 14.46% as on 31.03.1993 to 15.89% and 8.13% respectively as on 3ist March, 1999. Also ail NPAs are not bad debts and are not beyond recovery. There are number of reasons for an account becoming an NPA. Some are internal factors like deficient credit appraisal, non compliance with the terms of sanction while disbursing the loan, slackness in post credit supervision, diversion of funds, inefficient management of the unit financed etc. There are external factors also which lead to accounts becoming NPAs viz. Non-viability or sickness of the unit due to change in technology, demand pattern, Government policy, cyclical downturns in the the industry, non-completion of project due to cost, time over-runs and other factors such as non-availability of raw materials, labour problems etc. The NPA levels of public sector banks are under constant watch under the off-site monitoring system as also under On-Site Assessment visits and Annual Financial Inspections.